

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the matter of:

Petition of AT&T Inc. for  
Forbearance Under 47 U.S.C. §  
160(c) from Enforcement of Certain  
of the Commission's ARMIS  
Reporting Requirements.

WC Docket No. 07-139

**REPLY COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES  
COMMISSION AND THE PEOPLE OF THE STATE OF CALIFORNIA**

RANDOLPH WU  
HELEN M. MICKIEWICZ  
SINDY J. YUN

Attorneys for the People  
Of The State Of California And The  
California Public Utilities Commission

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Phone: (415) 703-1999  
Fax: (415) 703-4432  
Email: [sjy@cpuc.ca.gov](mailto:sjy@cpuc.ca.gov)

September 19, 2007

## **TABLE OF CONTENTS**

	<u>Page</u>
<b>I. INTRODUCTION AND SUMMARY .....</b>	<b>1</b>
<b>II. ARGUMENT.....</b>	<b>2</b>
A. CALIFORNIA’S USE OF THE ARMIS REPORTS .....	2
B. ARMIS REPORTS 43-05 AND 43-06 .....	4
C. ARMIS REPORTS 43-07 AND 43-08.....	8
D. THE ISSUE OF WHETHER TO ELIMINATE THE ARMIS REPORTS SHOULD NOT BE ADDRESSED ON A PIECEMEAL BASIS. ....	10
E. RELIEF REQUESTED IN AT&T’S PETITION SHOULD NOT BE EXTENDED TO ALL OTHER ILECS. ....	11
<b>III. CONCLUSION.....</b>	<b>11</b>

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the matter of:

Petition of AT&T Inc. for  
Forbearance Under 47 U.S.C. §  
160(c) from Enforcement of Certain  
of the Commission's ARMIS  
Reporting Requirements.

WC Docket No. 07-139

**REPLY COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES  
COMMISSION AND THE PEOPLE OF THE STATE OF CALIFORNIA**

**I. INTRODUCTION AND SUMMARY**

The California Public Utilities Commission and the People of the State of California (CPUC or California) respectfully submit these reply comments in response to the Federal Communications Commission's (FCC or Commission) public notice issued July 20, 2007 in the above-captioned docket. In the public notice, the Commission seeks comment on AT&T Inc.'s (AT&T) Petition requesting forbearance under 47 U.S.C § 160 (c), on behalf of its incumbent local exchange carrier (ILEC) affiliates, from Commission rules which require submission of Automated Reporting Management Information System (ARMIS) Reports 43-05 (Service Quality Report), 43-06 (Customer

Satisfaction Report), 43-07 (Infrastructure Report) and 43-08 (Operating Data Report).

The Commission should deny the relief requested in the Petition. AT&T has not met the statutory requirements for forbearance. Accordingly, the Commission should retain all four ARMIS reports at issue and continue to require AT&T to submit them on an annual basis.

## **II. ARGUMENT**

Similar to a number of other states, the CPUC has relied on and will continue to rely on the ARMIS reports to make important regulatory policy decisions and establish rules for California.

### **A. California's Use of the ARMIS Reports**

In the last few years, the CPUC has taken significant steps to streamline its regulatory process. In particular, the CPUC has eliminated California-specific monitoring reports required under its New Regulatory Framework (NRF) on the basis that it would rely largely on the ARMIS reports instead.<sup>1</sup> The CPUC made its decision largely at the urging of the carriers that they should not be required to file two separate sets of reports – one with the Commission and one with the CPUC. Just a year ago, the

---

<sup>1</sup> See *Order Instituting Rulemaking on the Commission's Own Motion to Assess and Revise the Regulation of Telecommunications Utilities (R.05-04-005)*, Decision (D.) 06-08-030, COL 57; See also *R.02-12-004, March 30, 2007 Assigned Commissioner's Ruling and Scoping Memo*.

CPUC curtailed regulation of the retail telecommunications service offerings of the four major California ILECs, including AT&T.<sup>2</sup> The CPUC expressed its intent to rely on the ARMIS reports as part of its monitoring program to ensure that the competitive market is functioning well and customers will receive good quality at just and reasonably-priced services.<sup>3</sup> Embarq, in its comments in support of AT&T's Petition, states that "many of the information categories in those reports are separately monitored by most state regulatory commissions, resulting in duplicate reporting efforts by ILECs."<sup>4</sup> This is not the case for California.

Since the deregulation of the retail prices, California has seen substantial price increases initiated by AT&T. In February and July of this year, AT&T raised its prices for many services including various associated basic services,<sup>5</sup> basic business, and customer calling features by a range of fifty to several hundred percent. With the elimination California-specific monitoring reports, the ARMIS reports are especially important now for the CPUC in order to monitor such price increases and to maintain vigilance over carrier activities.

---

<sup>2</sup> Prices for all retail services were de-regulated, except for basic residential rates.

<sup>3</sup> D. 06-08-030 at p. 217, *mimeo*, FOF 73; *See also R.02-12-004, March 30, 2007 Assigned Commissioner's Ruling and Scoping Memo.*

<sup>4</sup> Embarq Comments at 3.

<sup>5</sup> Such as directory assistance, non-list publishing, late payment charges etc.

Further, the CPUC currently has two pending proceedings wherein it is considering the elimination of California-specific reports required under the Uniform Regulatory Framework (URF) and to replace them with the ARMIS reports and other reports filed by carriers with the Commission.<sup>6</sup> The CPUC is also considering whether California-specific ARMIS data filed with the Commission should also be filed with the CPUC.<sup>7</sup> Thus, it would be premature from the CPUC's perspective for the Commission to eliminate the ARMIS reports now.

## **B. ARMIS Reports 43-05 and 43-06**

AT&T asserts that ARMIS reports 43-05 and 43-06 are not needed to protect consumers.<sup>8</sup> Report 43-05 provides installation and repair interval data and Report 43-06 shows the percentage of customers dissatisfied with installation and repair based on the carrier's customer survey. These reports provide a library of information that aids regulators in assessing the service quality performance among companies within a particular state as well as making interstate comparisons. The service quality ARMIS reports also offer a valuable historical record of how a telephone company has performed over

---

<sup>6</sup> D.06-08-030 at FOFs 73, 102.

<sup>7</sup> See *R.02-12-004 - Order Instituting Rulemaking on the Commission's Own Motion into the Service. Quality Standards for All Telecommunications Carriers and Revisions to General Order 133-B*, March 30, 2007 Assigned Commissioner's Ruling and Scoping Memo, p. 5.

<sup>8</sup> Petition at 10.

time. This is crucial information for the states in order for them to assess whether telephone service quality has deteriorated since the Telecommunications Act of 1996. Consumers also benefit from these reports by using the service quality information to make informed choices among competing companies.

Specifically, the CPUC has relied on these reports in a number of its proceedings to assess AT&T's level of service quality in California. For example, the CPUC used ARMIS data in its 2001 complaint proceeding against AT&T (formerly SBC) and concluded that AT&T violated California Public Utilities Code § 451.<sup>9</sup> The CPUC relied on ARMIS service quality data in the repair complaint case because the CPUC had not up to that time considered repair intervals in its state standards. Additionally, a comparison of SBC California to other major LECs based on the ARMIS service quality performance was also important to the CPUC's findings and orders in its NRF proceeding. In that proceeding, the CPUC relied, in part, on ARMIS service quality measures to evaluate AT&T and Verizon, Inc's service quality

---

<sup>9</sup> Public Utilities Code § 451 states: All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful. Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. All rules made by public utility affecting or pertaining to its charges or service to the public shall be just and reasonable; D.02-12-021, FOF 12.

performance.<sup>10</sup> CPUC also used ARMIS data to determine whether AT&T met its initial and repeat out-of-service (OOS) repair interval standards for residential customers in 2005.<sup>11</sup> AT&T was fined \$900,000 for failing to meet the initial OOS repair interval standard. The service quality ARMIS reports provided the necessary data for the CPUC to make the appropriate findings in this proceeding as well.

In support of its Petition, AT&T also asserts that the service quality ARMIS reports are not necessary because its service quality has not only remained very high, but is rapidly improving.<sup>12</sup> AT&T asserts that over a six year period since 2000, virtually all of the reported service quality measures indicate “long-term improvement,” particularly for the large ILECs.<sup>13</sup>

As pointed out by a number of other states in their comments, the CPUC’s analysis of AT&T’s ARMIS data 43-06 contradicts AT&T’s assertion. New Jersey Rate Counsel comments that there is ample information demonstrating that service quality for basic local service has been declining.<sup>14</sup> For example, it cites that in Kansas, AT&T’s service quality for initial OOS

---

<sup>10</sup> See *Commission’s Own Motion to Assess and Revise the New Regulatory Framework for Pacific Bell and Verizon California Incorporated (R.01-09-001/I.01-09-002)*, Interim Opinion Regarding Phase 2B Issues Service Quality of Pacific Bell and Verizon California, Inc., D. 03-10-088, COL 10.

<sup>11</sup> See *Resolution T-17024b. SBC California (U-1001-C)*. In accordance with CPUC D.01-12-021 Ordering Paragraph 6, this resolution addresses the monthly and annual ARMIS data on initial and repeat out-of-service repair intervals for residential customers for 2005.

<sup>12</sup> Petition at 10.

<sup>13</sup> *Id.*

<sup>14</sup> NJ Rate Counsel Comments at 18.



intervals, repeat OOS intervals, and average installation intervals has declined significantly in recent years.<sup>15</sup> Communications Workers of America (CWA) also states that AT&T's average length of repair intervals is now at the highest level in the six year period of 2000 to 2005.<sup>16</sup> The CPUC's own analysis also shows an increase, not a decrease, in the number of customers that were dissatisfied with installation and repair between 2002 and 2006 as indicated below:

	<b>Residential: Percent Dissatisfied</b>	<b>Residential: Percent Dissatisfied</b>	<b>Residential: Percent Dissatisfied</b>	<b>Residential: Percent Dissatisfied</b>	<b>Residential: Percent Dissatisfied</b>
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Installations	7.08	6.52	6.18	6.15	6.42
Repairs	11.53	9.5	7.97	8.18	7.65
	<b>Small Business: Percent Dissatisfied</b>	<b>Small Business: Percent Dissatisfied</b>	<b>Small Business: Percent Dissatisfied</b>	<b>Small Business: Percent Dissatisfied</b>	<b>Small Business: Percent Dissatisfied</b>
Installations	7.45	7.5	8.24	7.69	6.44
Repairs	8.35	7.31	5.05	6.43	5.69

Furthermore, while AT&T's ARMIS data appeared to show a reduction in the number of trouble report tickets over the last five years, AT&T's response to the CPUC Staff's data request showed an increase in the number of trouble reports over the same duration.<sup>17</sup>

Moreover, the ARMIS reports provide valuable information that is not measured by many states including California. If these reports were

---

<sup>15</sup> *Id.*

<sup>16</sup> CWA Comment at 9.

<sup>17</sup> Specific numbers are not disclosed here because the utility considers the data confidential.

eliminated, CPUC along with other state regulators would have no source from which to gather this information on a national basis.

**C. ARMIS Reports 43-07 and 43-08**

AT&T asserts that the Commission should eliminate ARMIS reports 43-07 and 43-08 and instead rely on Form 477.<sup>18</sup> Further, AT&T asserts that Form 477 already provides a ready vehicle for the Commission to use in collecting any necessary network infrastructure data and that the data is more granular than the ARMIS reports.<sup>19</sup> The United States Telecom Association echoes AT&T's assertions.<sup>20</sup>

However, as commented by National Association of State Utility Consumer Advocates (NASUCA),<sup>21</sup> the CPUC believes Form 477 is not an adequate substitute for ARMIS report 43-07. Form 477 mainly consists of line counts, by technology and type of service provider. ARMIS Report 43-07, on the other hand, details carrier trends in telephone industry infrastructure development. It includes data on switching according to type, counts of access lines served by the various switch types and capabilities, and lines served by the different switches as well as the length of loops. It also

---

<sup>18</sup> Petition at 7.

<sup>19</sup> Petition at 18.

<sup>20</sup> US Telecom Comments at 10.

<sup>21</sup> NASUCA Comments at 7.

includes data on transmission facilities, including interoffice facilities and loop plant. The CPUC uses the infrastructure report data to monitor carrier facilities and to study how they may be deployed over time.

Form 477 also cannot replace ARMIS Report 43-08. This report includes telephone call statistics which the CPUC uses to monitor and study calling pattern trends.

Additionally, while the ARMIS reports are publicly accessible as noted by NASUCA, Form 477 is often filed as a confidential document and thus, makes it much more difficult for states and consumer advocates to gain access to that information.<sup>22</sup> New Jersey Rate Counsel comments that although data from Form 477 are aggregated and provided in a summary form, the underlying data for each company are not made available for analysis.<sup>23</sup> The CPUC agrees with NASUCA and New Jersey Rate Counsel that, while Form 477 is a valuable report, it does not substitute for the ARMIS reports.

As also noted by NASUCA in its comments,<sup>24</sup> the Commission itself uses the Infrastructure and the Operating Data Reports to generate its own

---

<sup>22</sup> NASUCA Comments at 7.

<sup>23</sup> NJ Rate Counsel Comments at 24.

<sup>24</sup> *Id.*

statistical reports, such as *Trends in Telecommunications Services* report.<sup>25</sup>

The data contained in Tables 17.1 and 17.3 of this report are derived from the Bell Operating Companies' ARMIS report 43-07, and the data contained in Table 17.2 are derived from ARMIS report 43-05.<sup>26</sup> Similar to the Commission, the CPUC s also uses ARMIS data to prepare reports for the California Legislature.

**D. The Issue of Whether to Eliminate the ARMIS Reports Should Not be Addressed on a Piecemeal Basis.**

The New Jersey Division of Rate Counsel comments that if the Commission is considering revamping its reporting requirements, the Commission should do so through a broader rulemaking proceeding and not on a piecemeal basis such as through this Petition.<sup>27</sup> The CPUC agrees. A rulemaking proceeding would allow the Commission to comprehensively address the implications of any change to the reporting requirements. A rulemaking proceeding is also more appropriate because the Petition raises issues that could potentially affect other ILEC affiliates.

---

<sup>25</sup> *Trends in Telephone Services*, published in Feb. 2007, chapter 17 notes: Price-cap regulated carriers, including the Bell operating companies (BOCs), file data on technology as part of their Automated Reporting Management Information System (ARMIS) reports. The individual carrier's data can be obtained from the ARMIS web page at [www.fcc.gov/wcb/eafs](http://www.fcc.gov/wcb/eafs). Selected holding company statistics from the ARMIS 43-07 can be found in Section 10 of our *Monitoring Report* on the web page [www.fcc.gov/wcb/iatd/monitor](http://www.fcc.gov/wcb/iatd/monitor). Also, information about broadband deployment is contained in Chapter 2, *Advanced Telecommunications*.

<sup>26</sup> *Id.*

<sup>27</sup> NJ Rate Counsel Comments at 3.

**E. Relief Requested in AT&T's Petition Should Not be Extended to All Other ILECs.**

Cincinnati Bell Telephone Company (CBT), in its comments, requests that the Commission extend the relief requested by AT&T in its forbearance petition to all ILECS that are required to file these ARMIS Reports.<sup>28</sup> The Commission should deny CBT's request because it is both procedurally improper and lacks adequate showing. While other ILECS may not object to, and many indeed support, the exemption being extended to them, none of those carriers has requested such an exemption, nor has any of those carriers made any kind of showing whatsoever demonstrating any need for such an exemption. Accordingly, it is inappropriate for the Commission to extend the forbearance from the ARMIS reporting requirements to other ILECs as requested by CBT through the Petition of AT&T.

**III. CONCLUSION**

The Commission should deny AT&T's Petition because forbearance is not warranted at this time. The ARMIS reports are important to California for a number of reasons as stated above. Accordingly, the Commission should retain and continue to require AT&T's ILEC affiliates to submit ARMIS reports 43-05, 43-06, 43-07 and 43-08 on an annual basis.

---

<sup>28</sup> CBT Comments at 4.

///

///

///

Respectfully submitted,

RANDOLPH WU  
HELEN M. MICKIEWICZ  
SINDY J. YUN

By: /s/ SINDY J. YUN

---

Sindy J. Yun

505 Van Ness Avenue  
San Francisco, CA 94102  
Phone: (415) 703-1999  
Fax: (415) 703-4432  
Email: [sjy@cpuc.ca.gov](mailto:sjy@cpuc.ca.gov)

Attorneys for the People  
Of The State Of California And The  
California Public Utilities Commission

September 19, 2007